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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	
	)	
Market Entry and Regulation of Foreign-Affiliated Entities	)	IB Docket No. 95-22
	)	

RESPONSE OF SPRINT TO PETITIONS FOR RECONSIDERATION

Sprint Communications Co. hereby responds to the petitions for reconsideration of the Commission's November 30, 1995 Report and Order in the above-captioned proceeding (FCC 95-475).[1] In this response, Sprint will address two issues raised by petitioners: Commission surveillance of non-equity co-marketing arrangements between U.S. and foreign carriers, and the criteria for allowing facilities-based U.S. carriers to interconnect an international private line to the public switched network on one end without having to obtain Section 214 authorization.

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[1] Section 1.429(f) of the Rules contemplates the filing of "oppositions" to petitions for reconsideration. Sprint does not oppose, in principle, any of the petitions to which it responds in this filing. However, it believes that its views may assist the Commission in evaluating the merits of those petitions, and hereby requests acceptance of this response.

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1. Non-equity arrangements

Sprint fully shares the concerns of BTNA and MCI that business relationships between U.S. and foreign carriers that involve no investment by the foreign carriers in the U.S. carrier can nonetheless result in the same potential for discriminatory conduct by the foreign carriers as in cases where the foreign carrier has an equity investment in the U.S. carrier. For example, as Sprint pointed out in its Comments in this proceeding (at 32-33), AT&T and its WorldPartners consortium have invested hundreds of millions of dollars in a joint venture that is competing in the market for global seamless services. Even though AT&T may not need (or want) an investment in itself from its foreign partners, their mutual investments give the foreign carriers an incentive to see their U.S. partner succeed, perhaps at the expense of other U.S. carriers. Sprint believes AT&T's WorldPartners arrangements warrant the same regulatory treatment and conditions as were imposed on Sprint's relationship with France Telecom and Deutsche Telekom. Sprint thus concurs with BTNA and MCI that closer surveillance of non-equity relationships is warranted.

However, the relief proposed by BTNA (at 7) -- merely requiring notification to the Commission within 30 days of the formation of such relationships -- would not arm the Commission with information sufficient to monitor such relationships. Rather, Sprint agrees with MCI that copies of any non-equity business-relationship agreements should be filed within 30 days of their execution (or, for existing agreements, within 30 days of the release of an order on reconsideration) and that the reporting requirements proposed by MCI (at 6) should also be adopted. MCI is correct in stating that these requirements should not impose a significant burden on any U.S. carrier, but are necessary to enable the Commission to decide whether any such relationships warrant closer scrutiny or dominant carrier regulation.

2. One-end interconnection of private lines to the switched network

With respect to the interconnection of international private lines to the public switched network at one end only, Sprint agrees with MCI and WorldCom that the Commission should amend terms on which such interconnection can take place without obtaining Section 214 authority. Specifically, WorldCom (at 5) seeks modification of Section 63.01(k)(6)(i) to allow such interconnection in cases where the foreign half-circuit is owned by a non-dominant carrier affiliated with the U.S. carrier. Sprint agrees with WorldCom that the formation of such foreign affiliates may be a logical means for U.S. carriers to enter foreign markets that are just being opened to competition. So long as the foreign affiliate is non-dominant in its home market, Sprint sees no reason why the U.S. carrier should be required to seek Section 214 authority to interconnect with such an affiliate on commercial terms or obtain the foreign half-circuit from such a carrier for one-ended traffic.

Sprint also agrees with MCI (at 8-11) that the rule adopted in the Report and Order has the (perhaps unintended) effect of discriminating in favor of some facilities-based U.S. carriers at the expense of others. By allowing one-end private line resale only if the foreign half-circuit is owned "directly or indirectly" by a carrier that does not have a correspondent relationship with the U.S. carrier, the rule would impede the ability of the large facilities-based U.S. carriers that now have operating agreements with most foreign administrations to engage in one-end private line resale as a strategy to reduce unduly high accounting rates. It is likely that in many foreign countries, all international half-circuits will continue to be owned for quite some time by an incumbent monopolist that is already corresponding with major U.S. carriers. Sprint fails to see how the Commission's goal of encouraging one-end resale as a means of putting pressure on above-cost accounting rates is likely to have its desired effect with the rules as they now stand.

Accordingly, Sprint urges favorable action on the petitions for reconsideration of MCI, WorldCom and BTNA to the extent discussed above.

Respectfully submitted

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CERTIFICATE OF SERVICE

I, Joan A. Hesler, hereby certify that on this 29th day of February, 1996, a true copy of the foregoing document was served first class mail, postage prepaid, or hand delivered, upon each of the parties listed below.

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